D84 2/14/84 S8340-3 A

Washington State
Employment Security Department
John Spellman, Governor
Norward Brooks, Commissioner

prepared by the
Research & Analysis Branch
Olympia, WA 98504
(206) 753-5142

in cooperation with the
Bureau of Labor Statistics
and the Employment and
Training Administration
U.S. Department of Labor

Washington Labor Market

Volume 8, Number 1 January 1984

HIGHLIGHTS

Total unemployment in Washington State edged up to 209,700 and 10.3 percent of the labor force in December from a revised 205,200 and 10.1 percent in November. The rise in unemployment over the month of 4,500 and two-tenths of a percentage point was considerably less than usual for this time of year. Between 1970 and 1982, the increase in unemployment between November and December averaged 10,750 and six-tenths of a point. Total employment fell 12,000 over the month with 3,100 of the drop in nonfarm employment. Losses resulted from normal seasonal cutbacks in agriculture, canning, logging and construction.

Contrasted with developments between November and December, the year-to-year comparison of labor force data continued to reflect substantial improvement in the economy. Total employment added 79,000 between December 1982 and December 1983, while unemployment fell 51,300. The jobless rate in December 1982 totaled 13.0 percent, or 2.7 points higher

	Dec. 1983*	Nov. 1983*	Dec. 1982
Civilian Labor Force	2,031,400	2,038,900	2,003,700
Employment	1,821,700	1,833,700	1,742,700
Unemployment	209,700	205,200	261,000
State Rate	10.3	10.1	13.0
National Civilian Rate	8.0	8.1	10.5

*These data are alternative estimates which are more nearly comparable with data released in previous years than the official Bureau of Labor Statistics' estimates developed for Federal program purposes.

than that recorded this December. Nationally, the civilian unemployment rate was 8.0 percent in December, down from 8.1 percent in November and 10.5 percent in December 1982 (data are not seasonally adjusted).

AREA DEVELOPMENTS

The increase in unemployment over the month was concentrated in counties where the agriculture, food processing and/or lumber industries are major sources of jobs. In larger, more diversified counties, there was little change in unemployment. In a few counties, unemployment actually fell slightly over the month.

The unemployment rate in the Seattle-Everett Metropolitan Area dipped from 8.6 to 8.5 percent. Employment in the area remained relatively stable with the hiring of temporary holiday workers in retail trade offsetting losses in construction and other seasonal industries. Employment in the Tacoma Metropolitan Area also remained stable over the month, and the area's jobless rate was 11.1 percent in both November and December. In the nearby Bremerton Metropolitan Area, which has one of the lowest jobless rates in the state, the unemployment rate slipped from 7.5 to 7.4 percent over the month. Employment in the area rose slightly, while unemployment edged downward. The area's economy has smaller seasonal fluctuations than most other parts of the state because of the stability of Federal jobs at local defense installations. Defense establishments provide the largest single source of jobs in Kitsap County.

In other metropolitan areas, the jobless rate in the Olympia area moved from 11.2 to 11.3 percent, while the rate in the Richland-Kennewick area also rose slightly, from 13.9 to 14.0 percent. Matching the statewide increase, the rate in the Spokane Metropolitan Area edged up two-tenths of a point and stood at 8.9 percent in December. In contrast to the minor changes in most other metropolitan areas, the jobless rate in the Yakima area jumped from 14.3 percent in November to 16.1 percent in December. Farm employment in Yakima and employment at its food processing plants and fruit-vegetable warehouses dropped sharply in December.

Unemployment in many of the state's smaller counties also rose substantially in December. Mason County saw its rate jump from 10.1 percent in November to 13.6 percent in December. Major factors behind the larger increase were the windup of the Christmas tree harvest and a substantial layoff in the lumber industry. Lumber employment also dropped seasonally in Grays Harbor County, and the area's unemployment rate jumped from 14.4 to 15.3 percent over the month. East of the Cascades a normal seasonal drop in farmwork and related processing and shipping activity boosted unemployment in most counties. The jobless rate in Walla Walla County rose from 9.9 to 11.4 percent, while the rate in Okanogan County jumped from 15.3 to 17.7 percent.

MANUFACTURING EMPLOYMENT

Seasonal cutbacks continued to reduce employment in manufacturing during December. The job total in the basic industries fell 3,200 over the month. Food processing plants laid off an additional 2,000 workers with freezing and other preserving operations being reduced to winter levels. Little change will now occur in food processing employment until May when a new season will begin with the asparagus run. Employment in the lumber industry dropped 1,000, but most of the loss occurred in logging where increasing snow levels at higher elevations forced shutdowns.

Little change usually occurs in aerospace employment in December because of the long holiday shutdown. Employment edged up 100 from November, however. Sales by The Boeing Company posted a healthy rise in 1983. This increase will be reflected in the hiring of an additional 3,000 workers in the state in 1984 according to Boeing. Orders for 151 jet aircraft were received in 1983 compared with orders for 110 jet aircraft 1982. Military business also increased in 1983 for the fourth consecutive year. Boeing sales to the U.S. Government in 1983 totaled $3.51 billion, up $304 million from 1982.

Over the year, total manufacturing employment dropped 6,300 as losses in aerospace and other transportation equipment more than offset growth in other industires. Aerospace employment alone fell 9,200, while other transportation equipment dropped 3,100. Lower shipbuilding payrolls accounted for most of the loss in the latter. There was a labor dispute at three shipyards from May through September. Unfortunately, employment in the industry has yet to regain its pre-strike level.

Although the overall total in manufacturing fell, some manufacturing industries employed more workers in December 1983 than in December 1982. Lumber employment rose 2,000 over the year because of the recovery in the homebuilding industry, which uses one-half of all lumber produced. Nationally, housing starts rose to 1.7 million units in 1983, up from 1.06 million units in 1982. The 1982 level was the lowest in 36 years. Lower mortgage rates and the economic expansion were credited with the 1983 recovery in homebuilding and the lumber industries.

Despite the 2,000 job increase in the lumber industry, however, the industry's job total remains far below pre-recession levels. Compared with the 39,900 employed in the lumber industry this December, lumber employment totaled 54,500 in December 1978 and 50,700 in December 1979.

Aluminum employment rose from 8,000 in December 1982 to 9,100 in December 1983, a gain of nearly 14 percent. Other sizable year-to-year gains, in manufacturing included increases of 900 each in chemicals and other durable goods. Most of

the growth in chemicals was in the Richland area. An expansion in the manufacture of instruments accounted for most of the new jobs in other durable goods.

NONMANUFACTURING EMPLOYMENT

In the nonmanufacturing industries, seasonal losses were offset by seasonal gains in December. Employment in retail trade rose 5,200; retail stores continued to hire temporary workers to help serve holiday shoppers, and the end of the meat cutter's strike saw 800 workers return to their jobs at food stores. Wholesale trade, however, slipped 200 with fruit warehouses reducing employment seasonally.

Employment in the services group (motels-hotels, medical, personal--barber shops, etc.--private education, amusements, legal services, etc.) dropped 100 in December. Employment growth in amusements, resulting from the beginning of the skiing season, offset most seasonal losses in other segments such as agricultural services. Construction employment fell 3,800 to post the largest loss between November and December. The drop was about normal for the industry, however, and resulted from deteriorating weather conditions. Few new building projects are started at this time of the year because poor weather is anticipated by contractors. Therefore, there is little new employment in December to offset losses due to project completions.

Elsewhere in the nonmanufacturing classification, employment in finance, insurance, and real estate dropped 500 with most of the loss in the real estate category. Transportation and public utilities employment and government civilian employment both dropped 300 between November and December. Here, too, losses were normal for this time of the year. Transportation needs are lower because of the general winter slowdown in the economy. Government agencies have less need for outdoor workers in the winter months, and public schools hire few new workers in December because of the long holiday vacation period.

Employment in the nonmanufacturing industries was up 38,800 over the year in December. Payrolls in retail trade rose 12,300, while employment in the services group added 12,200 over the 12-month period. Smaller gains were noted in government (up 7,700), finance-insurance-real estate (up 2,300), and transportation-utilities (up 400). Employment in construction (up 100) was nearly unchanged over the year.

NATIONAL CONTEXT

After a period of rapid growth in the second half of 1983, key indicators of economic activity reported in December show the nation's economy in a pattern of moderate expansion. The rate of civilian unemployment nationally fell one-tenth of a percentage point, from 8.1 percent in November to 8.0 percent in December. This is the smallest decline in the nation's jobless rate since August 1983. Real Gross National Product (GNP) grew at a 4.5 percent annual rate in

the fourth quarter of 1983, down from 7.6 percent in the third quarter. Moderation in GNP growth indicates more gradual economic expansion in the months ahead. Movements in the Commerce Department's index of leading economic indicators also point to a period of slower and more stable growth. After a November decline of 0.2 percent, the December index rose 0.6 percent. The average monthly increase in the index for all of 1983 was 1.2 percent.

After being led by heavy consumer spending in the second half of 1983, events in December suggest that economic recovery in 1984 will be driven by increased capital investment. This development, a typical phase in the recovery cycle, is especially favorable for Washington State's economy which is heavily concentrated in capital goods production. Despite holiday season buying, retail sales nationally advanced only 0.1 percent in December, due partly to extremely bad weather conditions. Orders for non-defense capital goods (equipment and machinery), however, rose in December by 1.8 percent. Overall, national business investment spending increased in the fourth quarter at a vigorous annual rate of 22.3 percent (up from 18.7 percent in the third and 7.9 percent in the second quarter).

This apparent shift from a consumer to a business led recovery is already being felt in the Pacific Northwest. Marple's Business Newsletter reports that Paccar and Freightliner have increased production of heavy duty trucks; and aluminum plants in the Pacific Northwest are back to nearly full production. December employment in aluminum production and processing in Washington State remained essentially stable at 9,100, compared with 9,200 in November, and 8,600 at the end of the second quarter. The state's transportation equipment industry (excluding aerospace) also maintained fourth quarter gains in employment, with payrolls rising to 15,500 in December (an increase of 100 over November and 500 over October). Employment growth in capital goods industries is expected to continue through most or all of 1984. In its survey of capital spending plans for 1984, the Commerce Department estimates that spending for plant and equipment will rise by 9.9 percent nationally, after a 4.2 percent decline in 1983.

Recent national developments in the housing and airline industries also reflect favorably on key Washington State industries. Although national housing starts and output of construction supplies both fell in December (due partly to bad weather conditions), new home sales across the nation increased by a dramatic 28.5 percent from November to December. The December surge in housing sales suggests that current interest rate levels are sufficiently favorable to maintain strong demand for new housing during 1984. This situation, together with improved weather conditions, should boost employment in the state's construction, lumber, and wood products industries by mid-year.

December also brought positive news about the nation's airline industry. With abatement in industry "price wars", stabilization of labor costs, and a 10 percent drop in fuel costs, the industry reported strong operating profits for the first time since 1980. A healthier national airline industry, generating increased orders, should help Boeing realize its recent forecast that company payrolls in Washington State will jump by 3,000 during 1984. News of British reluctance to subsidize production of Airbus Industrie's new 150 seat airliner (the A-320), promises another potential boost for Washington's aerospace industry. Airbus Industrie, Boeing's chief competitor in the international airline market, began 1984 with 24 unsold aircraft at its primary French assembly plant. 1/

Although prospects for sustained economic growth are considered good, most economists continue to be concerned about large projected Federal budget deficits and chronic imbalances in foreign trade. Unless the most pessimistic scenarios on national deficit and trade issues are realized, however, the Washington State employment picture should brighten in the months ahead due to increased capital investments, strong consumer demand for housing, and a healthier national airline industry.

1/ Business Week, January 16, 1984

NONAGRICULTURAL WAGE AND SALARY WORKERS IN WASHINGTON STATE, PLACE OF WORK 1/

(In Thousands)

NOT SEASONALLY ADJUSTED

	Dec. 1983 (Prel.)	Nov. 1983 (Rev.)	Dec. 1982	Nov. 1982	Change Nov. 83 to Dec. 83	Change Dec. 82 to Dec. 83
TOTAL NONAG. WAGE AND SALARY.....	1,596.6	1,599.7	1,564.1	1,568.0	-3.1	+32.5
TOTAL MANUFACTURING.....	273.8	277.0	280.1	283.7	-3.2	-6.3
Durable Goods.....	189.7	191.0	197.5	199.0	-1.3	-7.8
Lumber & Wood Products.....	39.9	40.9	37.9	38.7	-1.0	+2.0
Furniture & Fixtures.....	3.4	3.4	3.0	3.0	0.0	+0.4
Stone, Clay, & Glass Prod.....	5.9	6.0	5.3	5.7	-0.1	+0.6
Primary Metal Industries.....	13.5	13.6	12.5	12.5	-0.1	+1.0
Aluminum Prod. & Processing...	9.1	9.2	8.0	8.1	-0.1	+1.1
Fabricated Metal Products.....	9.1	9.2	9.5	9.5	-0.1	-0.4
Machinery.....	26.7	26.8	26.7	26.8	-0.1	0.0
Machinery exc. Electrical.....	15.9	16.1	16.2	16.3	-0.2	-0.3
Electrical & Electronic Equip.	10.8	10.7	10.5	10.5	+0.1	+0.3
Transportation Equipment.....	77.3	77.2	89.6	89.6	+0.1	-12.3
Aerospace.....	61.8	61.7	71.0	71.4	+0.1	-9.2
Other Transp. Equipment.....	15.5	15.5	18.6	18.2	0.0	-3.1
Other Durable Goods 2/.....	13.9	13.9	13.0	13.0	0.0	+0.9
Nondurable Goods.....	84.1	86.0	82.6	84.7	-1.9	+1.5
Food & Kindred Products.....	28.5	30.4	29.1	31.3	-1.9	-0.6
Canned & Preserved Foods.....	8.5	10.5	9.3	11.7	-2.0	-0.8
Apparel & Other Text. Prod.....	5.9	6.1	5.6	5.7	-0.2	+0.3
Paper & Allied Products.....	16.0	15.9	15.8	16.0	+0.1	+0.2
Printing & Publishing.....	16.4	16.4	15.9	15.8	0.0	+0.5
Chemicals & Allied Products....	10.5	10.4	9.6	9.5	+0.1	+0.9
Other Nondurable Goods 3/.....	6.8	6.8	6.6	6.6	0.0	+0.2
MINING & QUARRYING.....	2.9	2.8	3.0	3.1	+0.1	-0.1
CONSTRUCTION.....	70.1	73.9	70.0	73.8	-3.8	+0.1
TRANS. & PUBLIC UTILITIES.....	4/89.2	4/89.5	88.8	89.9	-0.3	+0.4
WHOLESALE & RETAIL TRADE.....	406.2	4/401.2	390.0	385.9	+5.0	+16.2
Wholesale Trade.....	100.4	100.6	96.5	97.0	-0.2	+3.9
Retail Trade.....	305.8	4/300.6	293.5	288.9	+5.2	+12.3
FIN., INS., & REAL ESTATE.....	92.5	93.0	90.2	89.8	-0.5	+2.3
SERVICES.....	329.4	329.5	317.2	317.2	-0.1	+12.2
GOVERNMENT.....	332.5	332.8	324.8	325.2	-0.3	+7.7
Federal.....	67.7	67.6	66.6	66.6	+0.1	+1.1
State & Local.....	264.8	265.2	258.2	258.6	-0.4	+6.6
Education.....	146.1	146.3	141.0	140.9	-0.2	+5.1
(WORKERS IN LABOR-MANAGEMENT DISPUTES).....	0.3	1.1	0.0	0.0	-0.8	+0.3

1/ Excludes proprietors, self-employed, members of armed forces, and private household employees. Includes all full- and part-time wage and salary workers receiving pay during pay period including the 12th of the month.

2/ Includes instruments and related products and miscellaneous manufacturing activities.

3/ Includes textile mill products, rubber and miscellaneous plastics products, petroleum refining and related products, and leather products.

4/ Excludes workers involved in labor-management disputes.

Washington State
EMPLOYMENT SECURITY DEPARTMENT

RESIDENT LABOR FORCE AND EMPLOYMENT IN WASHINGTON STATE AND LABOR MARKET AREAS

(Not Seasonally Adjusted)

Date Jan. 20, 1964

Benchmark 1962

John Spellman, Governor
Norward J. Brooks, Commissioner

	December 1963 Preliminary 3/				November 1963 Revised				December 1962 Revised			
	Labor Force	Employment	Unemployment	Unemp. Rate	Labor Force	Employment	Unemployment	Unemp. Rate	Labor Force	Employment	Unemployment	Unemp. Rate
Washington State Total 1/	2,031,400	1,821,700	209,700	10.3	2,036,900	1,833,700	203,200	10.1	2,003,700	1,742,700	261,000	13.0
Bellingham SMSA	51,300	45,300	6,000	11.7	51,200	45,600	5,600	10.9	45,600	42,100	7,500	15.1
Bremerton SMSA	65,300	60,500	4,800	7.4	65,700	60,800	4,900	7.5	62,500	57,000	5,500	8.8
Olympia SMSA	56,600	50,200	6,400	11.3	57,300	50,900	6,400	11.2	55,800	48,500	7,300	13.1
Seattle-Everett SMSA	904,600	827,500	77,300	8.5	905,100	827,200	77,900	8.6	866,500	793,100	95,400	10.7
Spokane SMSA	155,100	141,300	13,800	8.9	155,800	142,200	13,600	8.7	152,700	133,800	19,100	12.5
Tacoma SMSA	193,300	171,900	21,400	11.1	192,900	171,400	21,500	11.1	166,400	161,000	25,400	13.6
Tri-Cities Area 2/	73,500	63,200	10,300	14.0	74,300	64,000	10,300	13.9	77,400	64,700	12,700	16.4
Yakima SMSA	81,200	68,100	13,100	16.1	81,000	69,400	11,600	14.3	79,100	64,700	14,400	18.2
Wenatchee Labor Area 2/	36,810	32,150	4,660	12.7	37,120	32,940	4,180	11.3	36,520	30,150	6,370	17.4
Adams	6,560	5,690	1,090	15.6	7,210	6,290	920	12.8	6,580	5,430	1,150	17.5
Asotin	8,050	7,270	780	9.7	8,050	7,360	730	9.0	8,020	6,860	1,160	14.5
Clallam	19,460	16,700	2,760	14.2	20,070	16,720	3,350	16.7	19,880	15,390	4,490	22.6
Clark	93,590	85,210	8,380	9.0	93,440	85,300	8,140	8.7	93,650	82,780	10,870	11.6
Columbia	2,090	1,700	390	18.7	2,120	1,770	350	16.5	2,120	1,610	510	24.1
Cowlitz	33,730	29,100	4,630	13.7	33,790	29,020	4,770	14.1	32,930	26,630	6,300	19.1
Ferry	2,460	2,120	360	14.5	2,520	2,190	330	13.1	2,310	1,800	510	22.1
Garfield	1,020	920	100	9.8	1,070	980	90	8.4	1,020	920	110	10.8
Grant	22,680	19,320	3,360	14.8	23,210	20,090	3,120	13.4	21,630	18,030	3,760	17.3
Grays Harbor	28,740	24,350	4,350	15.3	29,610	25,360	4,250	14.4	33,370	27,620	5,750	17.2
Island	15,080	13,720	1,340	8.5	15,070	13,740	1,330	8.8	14,490	12,050	1,450	10.4
Jefferson	6,460	5,640	820	9.6	6,430	5,820	620	9.5	6,400	5,550	850	13.3
Kittitas	10,760	9,300	1,460	13.7	11,660	9,650	2,210	18.5	10,140	8,540	1,600	15.8
Klickitat	8,760	7,610	1,150	17.0	8,990	7,910	1,080	15.5	7,000	5,310	1,690	24.1
Lewis	24,140	20,240	3,900	16.2	24,310	20,800	3,510	14.4	24,270	19,750	4,520	18.6
Lincoln	3,700	3,490	210	5.7	3,780	3,570	210	5.6	3,690	3,430	260	7.0
Mason	10,740	9,280	1,460	13.6	11,270	10,130	1,140	10.1	10,760	8,930	1,830	17.0
Okanogan	14,770	12,150	2,620	17.7	14,540	12,640	2,286	15.3	15,140	11,770	3,370	22.3
Pacific	7,070	5,880	1,190	16.8	7,100	5,880	1,220	17.2	7,340	5,730	1,610	21.9
Pend Oreille	2,950	2,410	540	18.3	3,030	2,480	550	18.2	3,210	2,210	1,000	31.2
San Juan	3,580	3,290	290	8.1	3,700	3,430	270	7.3	3,040	2,600	440	14.5
Skagit	33,260	28,160	4,960	15.0	33,360	28,930	4,450	13.3	31,820	25,750	6,060	19.1
Skamania	2,920	2,260	660	22.6	2,860	2,360	500	17.4	3,290	2,300	990	30.1
Stevens	10,860	9,100	1,760	16.2	10,980	9,310	1,670	15.2	11,080	8,310	2,770	23.3
Wahkiakum	1,200	1,060	140	11.7	1,240	1,130	110	8.9	1,410	1,120	290	20.6
Walla Walla	25,160	22,300	2,860	11.4	25,440	22,930	2,510	9.9	24,680	21,560	3,120	12.6
Whitman	15,650	15,100	550	3.5	15,620	15,300	320	3.3	14,980	14,230	750	5.0

1/ Detail may not add due to rounding.
2/ The Tri-Cities area includes all of Benton and Franklin counties. The Wenatchee Labor Area includes all of Chelan and Douglas counties.
3/ Estimates provided here are for use as an economic time-series. Official Bureau of Labor Statistics' estimates must be used for Federal program purposes.

Research and Analysis Branch

WASHINGTON STATE LABOR FORCE AND EMPLOYMENT
ESTIMATES FOR FEDERAL PROGRAM PURPOSES

January 26, 1984
Benchmark 1982

(Not Seasonally Adjusted)

	December 1983 Preliminary 3/				November 1983 Revised			
	Labor Force	Employment	Unemployment	Unemployment Rate	Labor Force	Employment	Unemployment	Unemployment Rate
Washington State Total 1/	2,072,400	1,853,800	218,600	10.5	2,074,700	1,860,900	213,800	10.3
Bellingham SMSA	52,300	46,100	6,200	11.9	52,100	46,300	5,800	11.1
Bremerton SMSA	66,500	61,500	5,000	7.5	66,800	61,700	5,100	7.6
Olympia SMSA	57,700	51,000	6,700	11.6	58,300	51,700	6,600	11.3
Snohomish County	196,800	176,600	20,200	10.3	195,300	176,100	19,200	9.8
King County	725,800	665,400	60,400	8.3	725,400	663,400	62,000	8.5
Spokane SMSA	158,100	143,800	14,300	9.0	158,400	144,300	14,100	8.9
Tacoma SMSA	197,200	174,900	22,300	11.3	196,300	173,900	22,400	11.4
Tri-Cities Area 2/	75,000	64,300	10,700	14.3	75,700	65,000	10,700	14.1
Yakima SMSA	82,900	69,300	13,600	16.4	82,600	70,500	12,100	14.6
Wenatchee Labor Area 2/	37,580	32,720	4,860	12.9	37,790	33,430	4,360	11.5
Adams	7,130	6,000	1,130	15.8	7,340	6,380	960	13.1
Asotin	8,220	7,400	820	10.0	8,230	7,470	760	9.2
Clallam	19,870	16,990	2,880	14.5	20,460	16,970	3,490	17.1
Clark	95,450	86,720	8,730	9.1	95,040	86,560	8,480	8.9
Columbia	2,140	1,730	410	19.2	2,170	1,800	370	17.1
Cowlitz	34,450	29,620	4,830	14.0	34,420	29,450	4,970	14.4
Ferry	2,540	2,160	380	15.0	2,560	2,210	350	13.7
Garfield	1,050	940	110	10.5	1,090	990	100	9.2
Grant	23,160	19,660	3,500	15.1	23,640	20,390	3,250	13.7
Grays Harbor	29,360	24,780	4,580	15.6	30,170	25,740	4,430	14.7
Island	15,370	13,970	1,400	9.1	15,340	13,950	1,390	9.1
Jefferson	6,600	5,950	650	9.8	6,550	5,910	640	9.8
Kittitas	11,010	9,470	1,540	14.0	11,260	10,000	1,260	11.2
Klickitat	6,910	5,710	1,200	17.4	7,120	6,000	1,120	15.7
Lewis	24,660	20,600	4,060	16.5	24,760	21,110	3,650	14.7
Lincoln	3,770	3,550	220	5.8	3,840	3,620	220	5.7
Mason	10,970	9,450	1,520	13.9	11,470	10,280	1,190	10.4
Okanogan	15,100	12,370	2,730	18.1	15,200	12,830	2,370	15.6
Pacific	7,220	5,980	1,240	17.2	7,240	5,970	1,270	17.5
Pend Oreille	3,020	2,460	560	18.5	3,090	2,520	570	18.4
San Juan	3,650	3,350	300	8.2	3,760	3,480	280	7.4
Skagit	33,880	28,680	5,200	15.3	34,000	29,360	4,640	13.6
Skamania	2,990	2,300	690	23.1	2,930	2,410	520	17.7
Stevens	11,100	9,260	1,840	16.6	11,190	9,450	1,740	15.5
Wahkiakum	1,220	1,080	140	11.5	1,270	1,150	120	9.4
Walla Walla	25,670	22,690	2,980	11.6	25,880	23,270	2,610	10.1
Whitman	15,970	15,360	610	3.8	16,070	15,520	550	3.4

1/ Official U.S. Department of Labor, Bureau of Labor Statistics data. Data are not comparable with estimates made in previous years.

2/ Includes Benton and Franklin counties.

3/ Includes Chelan and Douglas counties.

ESTIMATED AVERAGE HOURS AND EARNINGS OF PRODUCTION WORKERS IN MANUFACTURING AND OF NONSUPERVISORY WORKERS IN NONMANUFACTURING ACTIVITIES, STATE OF WASHINGTON

	Nov. 1983 Proj. or Nonsup. Workers	Average weekly earnings			Average weekly Hours			Average Hourly earnings		
		Nov. 1983	Oct. 1983	Nov. 1982	Nov. 1983	Oct. 1983	Nov. 1982	Nov. 1983	Oct. 1983	Nov. 1982
TOTAL MANUFACTURING INDUSTRIES	174,400	$454.74	$455.00	$438.12	38.9	39.4	37.9	$11.69	$11.57	$11.56
Lumber and wood products	37,700	421.00	447.27	407.45	36.9	39.2	35.4	11.40	11.41	11.51
Primary metal industries	10,600	543.00	554.00	528.43	41.0	40.9	40.4	13.20	13.56	13.08
Fabricated metal products	8,700	475.21	465.31	480.79	39.7	39.3	40.2	11.97	11.84	11.96
Machinery 1/	15,300	388.14	384.12	367.30	40.0	39.6	38.3	9.70	9.70	9.59
Transportation equipment	38,000	571.13	559.54	559.50	41.3	40.4	41.2	13.83	13.85	13.53
Food and kindred products	22,600	354.02	354.37	326.40	38.0	37.9	34.4	9.02	9.35	9.49
Chemicals and allied products	6,000	523.77	523.74	483.34	42.2	42.0	41.1	12.53	12.47	11.76
SELECTED NONMANUFACTURING INDUSTRIES										
Construction	54,400	603.03	648.22	651.40	35.3	37.0	35.1	17.10	17.24	18.53
Wholesale and retail trade	251,000	307.24	325.61	307.40	34.1	35.9	34.2	9.01	9.07	8.99

1/ Data prior to January 1983 is no longer comparable due a break in the series.

4/4/84 S8340-3 A

Washington State
Employment Security Department
John Spellman, Governor
Norward Brooks, Commissioner

prepared by the
Research & Analysis Branch
Olympia, WA 98504
(206) 753-5142

in cooperation with the
Bureau of Labor Statistics
and the Employment and
Training Administration
U.S. Department of Labor

Washington Labor Market

Volume 8, Number 2 February 1984

HIGHLIGHTS

Total employment in Washington State fell 44,700 from December to January because of the effect of January's cold weather on outdoor employment and the termination of thousands of temporary holiday workers in retail trade. As a result, the number of unemployed workers in Washington State jumped to 239,000 and 11.8 percent of the labor force in January. The revised December unemployment estimate was 211,000 and 10.3 percent.

The year-to-year comparison, however, continued to reflect the economic recovery underway in the state. Total employment rose 67,000 between January 1983 and 1984 with 46,400 of the new jobs in the nonagricultural wage and salary classification. Contrasted with the December-January seasonal rise, unemployment in January 1984 was 37,400 and two percentage points lower than in January 1983. Moreover, January or February usually mark the high point for unemployment each year, and

	Jan. 1984*	Dec. 1983*	Jan. 1983
Civilian Labor Force	2,031,000	2,047,700	2,001,400
Employment	1,792,000	1,836,700	1,725,000
Unemployment	239,000	211,000	276,400
State Rate	11.8	10.3	13.8
National Civilian Rate	8.8	8.0	11.4

*These data are alternative estimates which are more nearly comparable with data released in previous years than the official Bureau of Labor Statistics' estimates developed for Federal program purposes.

we can expect expanding job opportunities to lower unemployment substantially in subsequent months. Nationally, the civilian unemployment rate was 8.8 percent in January, up from 8.0 percent in December but down from 11.4 percent in January 1983 (data are not seasonally adjusted).

AREA DEVELOPMENTS

Unemployment increased in nearly all areas of the state in January. The largest increases and the highest unemployment rates, though, were east of the Cascades where the weather was more severe. Unemployment in the Yakima area jumped from 16.3 to 20.7 percent between December and January. Agriculture, food processing and related activities which dominate the area's economy are at their low point each January. Tourist business, which is also important in Yakima, was down seasonally too. In the Spokane and Richland areas, where economic activity is more diversified, the increase in unemployment was less pronounced. In the Spokane Metropolitan Area the rate rose from 8.9 to 10.7 percent between December and January, while the rate in the Richland Metropolitan area rose from 14.0 to 15.6 percent.

In Western Washington, the jobless rate in the Tacoma Metropolitan Area rose from 11.1 to 12.6 percent over the month, matching the 1.5 point rise statewide. The unemployment rate in Thurston County rose more moderately, from 11.2 to 11.5 percent, because of temporary jobs created by the beginning of a new legislative session. The rate for the Seattle Metropolitan Area rose from 8.5 to 9.4 percent over the month and remained well below the statewide rate. The Seattle area, of course, is less dependent on agriculture, food processing and lumber for jobs than most other areas of the state.

MANUFACTURING EMPLOYMENT

Manufacturing employment fell 2,000 from December to January but was down only 200 over the year in the latter month. Losses in the December-January period were largely seasonal. Lumber employment fell 1,500 with over one-half of the loss in logging. Seasonal demand for lumber declines in the winter because of fewer housing starts. In addition, snow depth at higher elevations often forces logging operations to shut down during winter months regardless of the demand for logs. Employment in food products dropped 1,100 in January but remained slightly above its year-earlier level. Seasonal factors were largely responsible for the decline in the food industry also.

Offsetting some of the seasonal losses in manufacturing, growth in shipbuilding boosted other transportation equipment payrolls by 600. Aerospace employment added 200 in January to post a modest gain for the third successive month.

Payroll growth in several manufacturing industries between January 1983 and 1984 was nearly sufficient to offset a year-to-year drop of 8,200 in aerospace. Fortunately, aerospace payrolls are now expanding moderately, but they are still considerably below year-ago levels.

Industries credited with employment gains over the past 12 months include lumber (up 1,900) aluminum (up 1,400), chemicals (up 800), instruments (up 700) and machinery (up 700).

NONMANUFACTURING EMPLOYMENT

Employment in all of the major nonmanufacturing industries declined because of seasonal factors between December and January. All except construction, however, employed more workers in January 1984 than in January 1983. Employment in retail trade fell 12,600 from December to January following the termination of temporary workers for the holiday sales period. Year to year, though, employment at retail outlets jumped 15,900 to account for over one-third of all new wage and salary jobs over the year. Wholesale trade employment was also down from December but up over the year. Payrolls at wholesale houses fell 2,600 in January because of less activity at firms handling fruits and vegetables. A year-to-year increase of 6,300 was posted by wholesale houses to support the resurgence in retail sales.

Construction employment fell 4,600 from December to January with few new projects scheduled until spring and work on existing outdoor projects curtailed because of adverse weather conditions. Construction employment was down 1,300 over the year largely because of the completion or termination of work on large projects, including nuclear power plants.

Elsewhere in the nonmanufacturing group, civilian government payrolls fell 2,200 over the month. Seasonal job losses at parks, forests, and in other outdoor work were only partially offset by employment gains associated with the beginning of a new legislative session. Government employment was up 9,800 over the year in January. It should be noted that civilian government payrolls were 1,100 below their total in January 1981 despite recent increases. A number of Federally-funded programs were reduced or eliminated in 1982. In addition, state and local public employment was trimmed because the recession reduced tax revenue.

Seasonal factors were negative in the service industries and employment fell 3,200 in January. The largest cutbacks were noted in membership organizations (Elks, Eagles, etc.), private education, and hotels-motels. Employment in services rose sharply over the year (up 9,300) with consumers spending more freely on amusements and travel (hotels-motels). In

addition, medical services continued to expand. December-January seasonal losses were also noted in finance-insurance-real estate (down 600) and transportation-communications-utilities (down 1,100). Both industries, however, posted moderate gains of 3,100 over the year.

ESTIMATES REVISED

Resident civilian labor force, employment, and unemployment estimates for 1983 have been adjusted to 1983 average annual data from that portion of the national Current Population Survey conducted in this state. Estimates for 1970-1982 have also been revised. Tables containing the revised data are included in this report.

Nonagricultural wage and salary employment estimates for 1982 and 1983 have also been revised. Current nonfarm wage and salary employment estimates prepared by the Employment Security Department are based upon monthly reports received from over 4,700 cooperating firms. While estimates prepared from these reports are timely, they lack the accuracy of estimates based upon more complete data contained in tax returns received at later dates from establishments covered by the Washington State Employment Security Act and from reports on Federal civilian employment. Reports on covered and Federal civilian employment provide almost complete counts of nonagricultural wage and salary employment. The major exceptions to covered employment are railroad employment, employment in religious organizations, and at private, primary and secondary educational institutions. Most corporate officers are also excluded.

Each year estimates are updated to conform with the latest tax return data and the best available information on non-covered wage and salary employment. The 1982 estimates are based on tax return data for the entire year, while those for 1983 are based on tax data through March 1983. Tables containing the revised 1982 and 1983 nonagricultural wage and salary estimates are included in this report.

NATIONAL CONTEXT

The nation's economy showed renewed strength in January as key indicators rose sharply above the more modest gains reported in the fourth quarter of 1983. The rate of civilian unemployment nationally grew by 0.8 of a percentage point, from 8.0 percent in December to a January level of 8.8 percent. The increase in the national jobless rate, as in the state, was due mainly to layoffs in weather sensitive industries and post holiday job losses in retail trade. Still, the decline nationally was small by January standards. The seasonally adjusted rate, which filters out recurrent seasonal fluctuations, fell 0.2 of a percentage point between December and January. Job losses nationally in construction and retail trade were well below normal declines for this time of year.

Continued progress in national labor market conditions was aided and paralled by January advances in production, personal income, retail sales, housing starts, and capital investment. Healthy January gains, well above moderate fourth quarter rates, were posted in all of these areas. The Commerce Department's composite index of leading indicators advanced a brisk 1.1 percent in January, following no change in the combined November and December figures.

The dramatic rise in housing starts during January, to an annual rate of 1.9 million units, was the best performance nationally since December 1978. A revitalized housing market and a 29 percent gain in capital spending during the fourth quarter were the main ingredients in a continually improving national employment picture. Taking seasonal adjustments into account, construction employment nationally rose by 100,000, exceeding the March 1983 recessionary low by nearly 450,000. Job gains were also strong in capital goods industries, including machinery, electrical equipment, and transportation equipment.

With some important differences, Washington State labor market activity during January corresponded to national developments. As the national recovery cycle moves into an advanced phase, the State's capital goods industries continue to benefit from the quickened pace of business spending. January payroll increases in the state were recorded in aluminum products and processing, machinery, and transportation equipment. The latter includes both aerospace and other transportation equipment. Washington State also continues to take part in the year-long national resurgence in consumer spending, a trend which shows no signs of abating. January 1984 employment in the state's retail trades was nearly 5.7 percent above January 1983. (The year-to-year increase in December was 5.1 percent.)

Employment in the state construction and the lumber and wood products industries has not followed national developments as closely. A relatively sluggish housing recovery in the Pacific Northwest, due in part to a slowdown in state and regional population growth, has inhibited recovery in construction and lumber. In southern and sun-belt states, where the national housing boom is concentrated, population growth has been much steeper, with a large in-migration of young professionals and many first time home buyers. During the Washington State housing boom of the late seventies, net population increases averaged approximately 100,000 per year, with 80 percent due to in-migration. According to the State Office of Financial Management, the average yearly population increase for 1981-83 was only 50,000 per year, with a net migration component of only +41,000 for the entire three year period. The slower rate of recovery in regional lumber is due also, in part, to the industry's historically large export business. The high price of American goods abroad

continues to harm all domestic industries with sizeable foreign markets.

Despite these trends, the recession in the lumber and wood products industry was halted in 1983, with payrolls increasing 5.2 percent from January 1983 to January 1984. The largest gains are reported in companies with diversified operations in both timber and paper products. The construction industry fared less well over the past year posting a slight drop in employment of 2.0 percent, yet holding steady after the large employment losses of 1981-82. Recent evidence that the housing recovery will be more evenly distributed in 1984 is a welcome sign for the state's labor force. Sales of new homes increased by 5.7 percent in the West during January, in contrast to a national trend which saw an 8.0 percent January drop in new home sales. Nationally, employment in construction and lumber and wood products rose 7.3 percent and 14.9 percent, respectively, from January 1983 to January 1984.

In other national developments, McDonnell-Douglas, The Boeing Company's chief domestic competitor in the commercial airline industry, announced a sale of 67 of its new MD-80 jetliners to American Airlines. The near record sale will keep McDonnell-Douglas from abandoning its commercial airline division, as the Lockheed Corporation had done earlier. The recession in the commerical airline industry forced McDonnell-Douglas to cancel two other major airline production programs. In a related development abroad, the British Government ended speculation that it would refuse to help finance Airbus Industrie's A-320 jet, a medium range airliner designed to compete with The Boeing Company's 737-300. Britian's loan of $370 million toward the A-320, however, fell short of a requested $647 million in aid. 1/ (In an earlier decision, the Canadian Government chose not to participate in development of the A-320.) The outlook for The Boeing Company, however, continues to be bright, according to Boeing's Director of Market Research, Thomas R. Craig. Mr. Craig predicts that "sales of commercial airplanes will remain sluggish for about four years, but will improve to all-time record levels over the next decade." with Boeing's share of the market holding steady at about 55 to 60 percent. 2/

Although prospects for sustained economic recovery are considered good, the national January spurt raises questions about the pace of growth in the month's ahead. Rapid growth could increase inflation and interest rates during 1984. The national producer price index in January showed its largest jump since November 1982. Much of this gain was due to a jump in food prices caused by extremely bad weather

---

1/ Wall Street Journal, March 2, 1984.

2/ Seattle Times, January 24, 1984.

conditions, having their harshest impact on Southern and Mid-western produce (and prices). January prices in the Seattle-Everett area, as measured by the consumer price index (CPI), grew at only one-third the national rate. More generic forces, however, may combine to increase inflation in all parts of the nation. These include a slowdown in worker productivity gains; pressures to restore wage losses of the past three years; and rapidly diminishing factory capacity, as both consumer and business spending forge ahead.

Even with a modest rise in inflation, however, improving weather conditions, a regional pick-up in housing starts, and continued increases in capital investment should result in steady gains for the Washington labor force through at least the fall of 1984.